

*City Council's*  
*Adopted Budget*

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*Expenditure and Revenue Forecast*  
*Section*

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## GENERAL FUND EXPENDITURE AND REVENUE FORECAST ASSUMPTIONS FISCAL YEARS 2007-2008 THROUGH 2011-2012

The primary purpose of this forecast is to present a prospective view of the City's general fund revenue and expenditure levels over the next five years. It is important to note that as assumptions become reality in future years, the forecast will fluctuate. As such, this forecast should be used as a management and planning tool and amended annually. It is also important to note the Court of Common Council is mandated by Charter to adopt a balanced budget. Therefore, any projections indicating a budget deficit will require adjustments before budget adoption. These adjustments will range from reducing expenditures to raising revenues to a combination of both.

### **Assumptions for Expenditure Projections**

**Salaries and Wages;** The Salaries and wages category shows an increase in the 2007-2008 projected expenditures due to reinstated contractual wage increases. It is anticipated that this category will increase only minimally through the remaining period of the forecast.

**Fringe Benefits;** It is expected that this category will continue to increase approximately 20%, based on the experience of the last five years of employee insurance costs. Incorporated within this projection is an annual contribution to the internal service funds associated with claims related to employee benefits, workers compensation and property and causality.

**Supplies and Materials;** Increases in this category are primarily due to projected cost increases in gasoline and diesel fuel. There may be some adjustments made in future forecast years due to the movement towards alternative fuels. Future costs are adjusted for a 3 % inflation factor.

**Contractual Service;** The increase in the remaining years of the forecast include a per ton adjustment for projected increases in tip fees.

**Education;** For the remainder of this forecast, this category increases by 4%.

**Library;** For the remainder of this forecast, this category increases by 4%.

**Sundry:** The Sundry increases take into consideration the retirement of old debt and availability of funding for future projects; adjustment to the wage and fringe account in anticipation of retirement cashouts, and an increase in property and casualty insurance account based on annual industry projections.

**Property, Plant and Equipment:** This category projects an increase in each of the five forecast years based on a fleet lease/purchase plan that includes a replacement schedule, and to establish an ongoing replacement schedule for all municipal fleet vehicles and fire apparatus to ensure the fleet is more current and capable of supporting City operations.

## Assumptions for Revenue Projections

The General Fund Revenue Forecast highlights revenue increases for Hartford as we embark on new and significant opportunities. These opportunities will continue to increase most categories, throughout the forecast. The City will anticipate both a higher collection rate, as much as 96%, and a broader tax base with new developments in store and additional fees for different city services. With the higher collection rate of current taxes, the City will experience a decline in prior year tax collections, causing a temporary decline in Revenue for fiscal year 2009. It should be noted that the implementation of new revenue generating opportunities would increase future revenues by approximately \$10,000,000 over time. These opportunities are explained in the revenue section.

**Taxes** are a major source of revenue. The Forecast for FY 2007-2008 Budget represents an increase that is attributable to the increased collection rate of real property and motor vehicle. Future year taxes will increase with higher collection rates, enhanced fees and new property development. Future years do not reflect the effect of tax rate increases. Lower prior year tax collection amounts are responsible for the decline in fiscal year 2009.

**Licenses and Permits** revenues have increased because of significant building activity and enforcement. Parking Meter income will increase and will be housed in the Hartford Parking Authority.

**Fines, Forfeits and Penalties** will see a substantial increase in Parking Tickets collections, but the revenue will be collected in the Hartford Parking Authority and is not reflected in this category going forward.

**Revenue From The Use of Money and Property** is forecasted to increase because of revenues from the Hartford Parking Authority previously reported in License and Permits and Fines, Forfeits and Penalties.

**Intergovernmental Revenue** will increase in 2007-2008. The Telecommunications personal property tax has declined due to telecom depreciation allowed by the State. Educational Cost Sharing Revenue from the State and other grants funds dominate this category. The Governor and the Legislature will decide future adjustments in this area.

**Charges for Services** will increase with higher fees and additional fees for different City services, as we continue to implement innovative revenue enhancements.

**Reimbursements** include amounts payable to the City from grant programs for fringe benefits. This section no longer includes Board of Education reimbursements. However, capital projects and fund closures will supplement this category.

**Other Revenue** includes major sales of development properties. Future sale of property will depend on foreclosures for back taxes on properties left over from tax and bulk lien sales.

**Fund Balance** will not be used to balance the budget. With the implementation and fruition of all new revenue sources, we are not projecting to utilize this fund again until 2010-2011.

## Total Gap Between Revenues and Expenditures

